



# RETURN



# ON



# INVESTMENT

This publication reports on the public return on investment (ROI) value of the Michigan Works! System.



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## MICHIGAN WORKS! SYSTEM

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**M**ichigan Works! is a leader in developing Michigan's economic future. The 25 business-led, local Workforce

Development Boards in partnership with local elected officials influence workforce development in our communities. These partnerships help us ensure that the needs of the three million customers served last year were met.

The Michigan Works! System is the first unified workforce development system in the country. Our customers – every employer, job seeker, and employee – can now find everything under one roof at a Michigan Works! Service Center.

Today, there is a statewide network of over 100 Michigan Works! service centers. Although Michigan Works! serves low-income individuals

and welfare recipients, they are just a portion of our customer base. Employers seeking qualified workers, individuals needing employment, and individuals looking for a career change can all find services to meet their needs at a Michigan Works! Service Center.

Customers can call our statewide toll-free number, **1-800-285-WORKS**, and automatically be routed to their closest Michigan Works! Service Center or they can reach us at [www.michigan-works.org](http://www.michigan-works.org).

### RETURN ON INVESTMENT

Work First

**\$4.52** returned  
*for every dollar invested*

WIA Adult

**\$1.64** returned  
*for every dollar invested*

WIA Dislocated Worker

**\$1.79** returned  
*for every dollar invested*

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Michigan Works! service centers  
served three million customers last year.

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## WORK FIRST

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**W**ork First helps welfare recipients attain employment to reduce reliance on public assistance. Thus, nearly half of all Work First participants enrolled from October 1, 2004 through September 30, 2005 found employment, while the remaining participants continued to work toward employment. Of those placed in jobs, half met their Work

First employment retention goals. The average hourly wage rate was **\$7.48**.

The Food Assistance Employment and Training Program (FAE&T) has placed **46%** of its participants into full-time employment, with an additional **23%** of individuals taking advantage of education and training opportunities.

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## WORKFORCE INVESTMENT ACT (WIA)

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**W**orkforce Investment Act (WIA) provides a wide array of services to the general public, while also providing more targeted services to eligible subsets of the population, with the ultimate goal of employment.

Between July 2004 and June 2005, **88%** of the customers of the Adult, Dislocated Worker, and Older Youth programs had found employ-

ment, and of them **90%** met the WIA employment retention goals.

Additionally, **91%** of the participants in the Younger Youth program increased their skill levels. Of those seeking their high school diploma or General Educational Development (GED) degree, **84%** were successful.

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## INCUMBENT WORKER PROGRAM

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**I**ncumbent Worker programs provide employee training in order for Michigan companies to maintain their competitive edge as well as increase the likelihood of individuals advancing up the career ladder. As individuals move to positions of greater responsibility and higher earnings within their company, the Michigan Works! System is poised to fill va-

cancies with qualified jobseekers seeking an opportunity.

From October 2004 through September 2005, **274** employers accessed incumbent worker dollars that provided training for **5,352** employees. As a result of this training, **72** job vacancies were created, with some of the positions filled by Michigan Works! customers.



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## MICHIGAN TALENT BANK

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**T**he Michigan Talent Bank (MTB) system electronically matches employers with qualified jobseekers. Between January 2005 and November 2005, the average number of active job openings per month was **20,429**. Nearly **1,200** new employers use the MTB each month, with **96%** of all employers saying they would use the MTB again. Of the employers registered with the MTB, **66%** of interviewed jobseekers were found through the MTB resume database.

Jobseekers placed over **333,000** new resumes into the MTB between January 2005 and November 2005. As of November 2005,

there are more than **613,000** resumes in the MTB system and an average of **61,627** resume searches are conducted each month.

Michigan Talent Bank Services, a division of the Michigan Department of Labor and Economic Growth (MDLEG), conducted a survey of both employers and jobseekers in 2005. Overall, **83%** of jobseekers were satisfied with the MTB resume database while **85%** were satisfied with the MTB job listings. Additionally, **93%** of employers would list job openings with the MTB system again and **96%** would use all MTB services.

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## CUSTOMER SATISFACTION

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**T**o assure that high quality services are provided to our customers, Mystery Shopper studies are conducted to determine customer satisfaction levels. Mystery Shoppers pose as jobseekers and employers seeking assistance over the telephone and on-site at Michigan Works! service centers.

Overall satisfaction levels for employers seeking assistance over the telephone and on-site is **88%** and **90%**, with satisfaction levels for jobseekers at **83%** and **84%** respectively.

## CALCULATIONS & EXPLANATIONS

### Welfare Recipient/Work First Savings:

|  |                       |
|--|-----------------------|
| Avoided average annual Welfare costs         | \$5,052               |
| Avoided average annual Food Assistance costs | \$2,352               |
| New Federal and State Income Tax Revenue*    | <u>\$1,221</u>        |
| Total Savings                                | <u><b>\$8,625</b></u> |

|                            |         |   |               |
|----------------------------|---------|---|---------------|
| Total Savings              | \$8,625 | = | <b>\$4.52</b> |
| Average Cost Per Placement | \$1,908 |   | <b>ROI</b>    |

### WIA Adult Savings:

|  |                       |
|--|-----------------------|
| Avoided average annual Welfare costs         | \$5,052               |
| Avoided average annual Food Assistance costs | \$2,352               |
| New Federal and State Income Tax Revenue*    | <u>\$2,074</u>        |
| Total Savings                                | <u><b>\$9,478</b></u> |

|                            |         |   |               |
|----------------------------|---------|---|---------------|
| Total Savings              | \$9,478 | = | <b>\$1.64</b> |
| Average Cost Per Placement | \$5,785 |   | <b>ROI</b>    |

### WIA Dislocated Worker Savings:

|  |                        |
|--|------------------------|
| Avoided unemployment insurance<br>(maximum=26 weeks at \$362/week) | \$9,412                |
| New Federal and State Income Tax Revenue*                          | <u>\$2,919</u>         |
| Total Savings  | <u><b>\$12,331</b></u> |

|                            |          |   |               |
|----------------------------|----------|---|---------------|
| Total Savings              | \$12,331 | = | <b>\$1.79</b> |
| Average Cost Per Placement | \$6,890  |   | <b>ROI</b>    |

\*Assumes one exemption at standard deduction.

### Data Sources:

WIA and Work First data was obtained from the Michigan Department of Labor and Economic Growth (MDLEG). Unemployment Insurance data was obtained from the MDLEG-Unemployment Insurance Agency. Temporary Assistance for Needy Families (TANF) and Food Assistance data was obtained from the Michigan Family Independence Agency.

## SOCIAL RETURN ON INVESTMENT

The majority of this Return on Investment publication focuses on the economic value of workforce programs and activities. The Michigan Works! System believes this data-driven accountability is essential in reporting our success to the public. However, it is also important to acknowledge the social value these programs generate by improving the lives of individuals, and thus society as a whole.

Many that utilize the Michigan Works! System have overcome multiple barriers to employment

including substance abuse, domestic violence, and mental health issues. Others have earned a high school diploma, completed their GED, or earned additional accreditation and skills. By moving away from reliance on public assistance benefits, these individuals have become positive role models to their families, and can invest socially and financially in their communities.

It is clear to see the positive impact the Michigan Works! System has on all aspects of our state's economic and social situation.



"I wouldn't be where I am today without the encouragement, mentoring, and concern of Michigan Works! staff and the opportunity to work in a supportive environment at Resource Industries."

**Rennae Nickson-Dennie**  
Resource Industries  
2006 Michigan Works! Alumnus of the Year



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